



“A STUDY ON EFFECTIVENESS OF E-BANKING SERVICES” IN INDIAN OVERSEAS BANK (CHENNAI)

S. Sameena¹ | Dr. R. T. Saroja²

¹ Research Scholar, Mother Teresa Women's University, Kodaikanal.

² Assistant Professor, Women's University College Of Education, Mother Teresa Women's University.

ABSTRACT

This paper focuses on effectiveness of E-Banking services and to study about the awareness of it and also to indicate the level of concern regarding the security issues are found in the Indian context. It deals with the consumers perception towards the system related to consumer awareness towards E-Banking system. Data is collected through primary and secondary sources. The research is carried out by exploring the consumer characteristics in Chennai specifically on a samples of around 220 people who are IOB customers. Data has been collected with the help of questionnaire. Judgemental sampling technique has been used. Statistical technique ANOVA (one way classification) test has been used for data analysis.

INTRODUCTION:

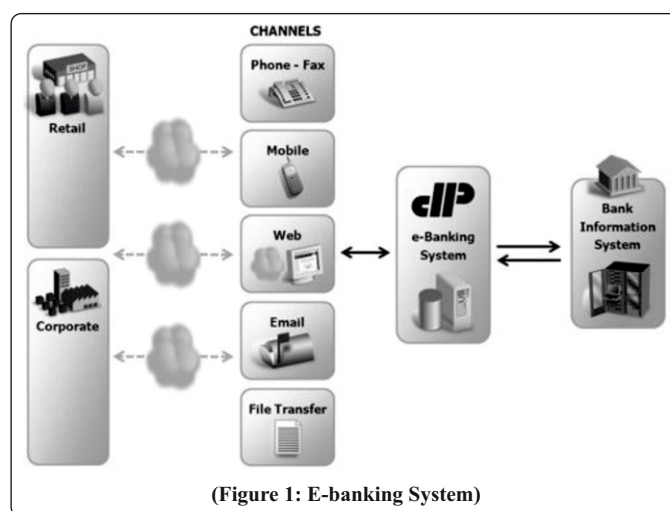
E-banking is the electronic banking process that provides the financial service for the individual client by means of Internet. The evolution of electronic banking (E-banking) started with the use of automatic teller machines (ATMs) and has included telephone banking, direct bill payment, electronic fund transfer and online banking. According to some, the future direction of E-banking is the acceptance of mobile telephone (WAP-enabled) banking and interactive-TV banking. However, it has been forecast by many that online banking will continue to be the most popular method for future electronic financial transactions. Electronic funds transfer (EFT), refers to the computer-based systems used to perform financial transaction electronically. The term is used for a number of different concepts including electronic payments and cardholder-initiated transactions, where a cardholder makes use of a payment card such as a credit card or debit card. Card-based EFT transactions are often covered by the ISO 8583 series of standards. In order for customers to use their banks online services they need to have a personal computer and Internet connection.

What is E-banking?

In its very basic form, E-banking can mean the provision of information about a bank and its services via a home page on the World Wide Web (WWW). More sophisticated E-banking services provide customer access to accounts, the ability to move their money between different accounts, and making payments or applying for loans via e-Channels. To understand the electronic distribution of goods and services, the work of Rayport and Sviokla (1994; 1995) is a good starting point. They highlight the differences between the physical market place and the virtual market place, which they describe as an information-defined arena. In the context of E-banking, electronic delivery of services means a customer conducting transactions using online electronic channels such as the Internet. Many banks and other organizations are eager to use this channel to deliver their services because of its relatively lower delivery cost, higher sales and potential for offering greater convenience for customers. But this medium offers many more benefits, which will be discussed in the next section. A large number of organizations from within and outside the financial sector are currently offering E-banking which includes delivering services using Wireless Application Protocol (WAP) phones and Interactive Television (iTV).

Why Is E-banking Important?

Understanding E-banking is important for several stakeholders, not least of which is management of banking related organizations, since it helps them to derive benefits from it. The Internet as a channel for services delivery is fundamentally different from other channels such as branch networks, telephone banking or Automated Teller Machines (ATMs). Therefore, it brings up unique types of challenges and requires innovative solutions. Many banks and other organizations have already implemented or are planning to implement E-banking because of the numerous potential benefits associated with it.



(Figure 1: E-banking System)

OBJECTIVES OF THE STUDY:

- To improve the effectiveness of E-Banking services in IOB Chennai for providing better customer services
- To measure the satisfaction level of people towards E-Banking Services
- To identify customers perceptions towards E-Banking

REVIEW OF LITERATURE:

A. Samsunisa (2015) In this study it has been identified that different age group of customers have different perception and the level of usage of E-Banking services. It is also identified that different occupation group of customers have different perception towards E-Banking services. It shows that many are keenly interested in using this services.

Eriksson (2013) has studied the technology of Internet banking in Estonia, an emerging east European economy. A quantitative study was selected to obtain data regarding the usage of and attitudes towards the Internet as a banking channel. The results suggested that Internet bank use increases, as customers perceive it as useful. Hence, a well-designed and easy to use Internet bank may not be used if it is not perceived as useful. They concluded that the perceived usefulness of Internet banking is, for banks, a key construct for promoting customer use. They also suggested that models of technology acceptance should be re-formulated to focus more on the key role of the perceived usefulness of the service embedded in the technology.

R. Elavarasi (2012) The researcher has identified which commercial bank provides better service and good satisfaction level of customer view about E-Banking. The findings were to increase awareness among people. She investigated that SBI should advertise and also conduct awareness program to customer.

RESEARCH METHODOLOGY:

The Research is explorative and it is carried out by exploring the customer char-

acteristics on a sample of around 220 people who are IOB customers. Data is collected through questionnaire. Judgmental sampling technique has been used. Statistical technique ANOVA (one way classification) test has been used for data analysis.

Hypothesis: Null hypothesis (H₀) there is no significance relation between family income group and perception regarding E-Banking.

RESULTS:

Table 1: Showing the Relationship between Family Income and Awareness Level

Awareness of E-Banking			
Family Income	Yes	No	Total
<1Lac	19	3	22
1-2 Lac	39	3	42
2-3 Lac	105	0	105
>3 Lac	46	5	51
Total	209	11	220

From the above table it is clear that 209 (95%) respondents are aware about E-Banking. Only 11(5%) respondents not aware about E-banking services

Table 2: Showing the usage of E-Banking Services Frequently

Usage of E-Banking			
Family Income	Yes	No	Total
<1 Lac	24	18	42
1-2 Lac	35	26	61
2-3 Lac	58	37	95
>3 Lac	22	0	22
Total	139	81	220

From the above table it is clear that 139 (63.1%) respondents are aware and using E-banking Services and 81(36.9%) respondents are not using it.

Table 3: Showing the respondent's views of time saving

Count	E- Banking is Time Saving & Cost effective						Total
		Highly Agree	Agree	Neutral	Disagree	Highly Disagree	
Income Level	<1Lac	21	6	2	5	2	36
	1-2 Lac	24	11	11	17	5	68
	2-3 Lac	35	10	5	12	11	73
	>3 Lac	21	9	4	6	3	43
Total		101	36	22	40	21	220

From above data it is clear that 137 (62.2%) respondents view E-Banking as time saving & cost effective process.

Table 4: Showing Customer's Views Regarding Safety And Security

Count	E-Banking Provides Safety And Security						Total
		Highly Agree	Agree	Neutral	Disagree	Highly Disagree	
Income Level	<1Lac	18	6	2	5	3	34
	1-2 Lac	28	13	9	3	2	55
	2-3 Lac	46	15	11	5	8	85
	>3 Lac	22	10	6	4	4	46
Total		114	44	28	17	17	220

From the data it is clear that 158 (71.8%) respondents said E-banking provides safety & security.

Table 5: Showing Customers Views On 24 Hours Availability

Count	24 Hours Availability Of E- Banking Services						Total
		Highly Agree	Agree	Neutral	Disagree	Highly Disagree	
Income Level	<1 Lac	19	5	2	8	14	48
	1-2 Lac	26	9	3	9	2	49
	2-3 Lac	42	7	6	22	5	82
	>3 Lac	19	4	3	21	5	41
Total		106	25	14	60	15	220

131 (60%) respondents agreed that E-banking is 24 hours available. 61(30.5%)

Table 6: Showing The Relationship ANOVA (one way classification)

		Degree of Freedom	Sum of Squares	Mean Square	F	Sig.
E- Banking is Time Saving & cost Effective	Between Groups	2	344.6	104.75	0.83	3.36
	With in Groups	17	1948.7	125.365		
	Total	19	2294			
E-Banking is Easy to Use	Between Groups	2	344.6	104.75	1.12	3.36
	With in Groups	17	1655.7	106.357		
	Total	19	2000			
E-Banking Provides safety & Security	Between Groups	2	344.6	104.75	1.06	3.36
	With in Groups	17	1745.5	103.74		
	Total	19	2090			
E-Banking Provides Accurate information	Between Groups	2	1675.89	647.76	2.13	3.94
	With in Groups	8	2645.67	289.432		
	Total	10	4321			
E-Banking is 24 Hours Available	Between Groups	2	344.6	104.75	1.04	3.36
	With in Groups	17	1942.3	102.35		
	Total	19	2286			

Significance level is greater than 0.05 and it is clear that for all statements null hypothesis is accepted. This means that there is no significant relation between family income group and perception regarding E-Banking.

FINDINGS:

- Most of the customers belong to the income group category more than 1,00,000 which show that as income level increases their intention to save money also increases.
- Majority of the customers tend to have better access to the internet and have moderate experience towards E-banking services provided by the bank.
- Most of the customers feel that banking technologies is enough for conducting the transactions.
- Most of the customers use E-banking services frequently.
- Most of the customers view is that E-Banking is time saving and cost effective.
- Most of the customers find security in E-banking transactions.
- Most of the customers tend to use E-banking not only for their banking needs but also for their other transaction purposes.
- Most of the customers find using internet banking to be advantageous.

CONCLUSION:

E-banking usage has been increased drastically now a days. All the banks try to retain their customers and attract new customers by providing various facilities one of which is the E-banking facilities. So it is necessary for the Indian Overseas Bank to study the attitude of their customers towards E-banking.

From the survey it is understood that good customer service and awareness about E-banking technologies can increase the effectiveness of E-banking services in bank. Customers use E-banking services not only on banking activities but also on other activities so it provides greater convenience and quick in completing their tasks.

It is also clear that majority of the customers are better salaried so steps should be taken to increase the number of customers who are having business and also have to penetrate more in to the professional people's market. So that the bank can increase the market share. Also the bank has to deploy more money on advertisements and for employing more sales officers in order to increase awareness level of E-banking.

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